

R22

Code No: 781AB

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA I Semester Examinations, February/March - 2025

BUSINESS ECONOMICS

Time: 3 Hours

Max.Marks:60

Note: This question paper contains two parts A and B. i) **Part- A** for 10 marks, ii) **Part - B** for 50 marks.

- Part-A is a compulsory question which consists of ten sub-questions from all units carrying equal marks.
- Part-B consists of **ten questions** (numbered from 2 to 11) **carrying 10 marks each**. Each of these questions is from each unit and may contain sub-questions. For each question there will be an “either” “or” choice, which means that there will be two questions from each unit and the student should answer either of the two questions.

PART – A

(10 Marks)

- 1.a) Which branch of economics deals with theory of firm? [1]
- b) Define risk and uncertainty. [1]
- c) What is derived demand? [1]
- d) Is cross elasticity of demand for substitutes positive or negative in sign? [1]
- e) What is sunk cost? [1]
- f) Define break-even point. [1]
- g) Are perfect markets existent in practice? [1]
- h) What is duopoly? [1]
- i) What is the pricing strategy at decline stage of PLC? [1]
- j) Define price bundling. [1]

PART – B

(50 Marks)

- 2.a) Explain briefly the concept of equi-marginalism.
 - b) How does business economics differ from macroeconomics? [5+5]
- OR**
- 3.a) An investment company offers to pay Rs.60,965 at the end of 15 years to investors who deposit annually Rs.1000. What interest rate is implicit in the offer?
 - b) What is opportunity cost? Brief on its importance in decision making. [7+3]
- 4.a) Explain the step-by-step process of ‘expert opinion’ method of demand forecasting.
 - b) Given the demand function $Q = 15 - 3P$,
 - i) Prepare a demand schedule and draw the demand curve.
 - ii) Calculate the elasticity of demand for the decreases in price from Rs.4 to Rs.3. [4+6]

OR

- 5.a) State and briefly explain the law of supply with suitable example.
- b) Contrast the terms ‘demand extension and demand contractions’ versus ‘increase and decrease in demands’ [5+5]

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- 6.a) What are isoquants? Briefly explain their features.
b) Explain the laws of returns to scale. [5+5]

OR

- 7.a) Jayendra Electronics Ltd. produces electronic components for an antimissile system. Each component sells for Rs. 1400, average variable cost is constant at Rs.850 and the total fixed cost is Rs.2,40,000. Determine the breakeven rate of output and revenue. What is the quantity required to be sold to make a profit of Rs.80,000?

- b) Briefly describe the economies of scale. [6+4]

- 8.a) Indicate the type of competition prevailing among the producers of each of the following goods and services:

i) electricity, ii) insurance, iii) mobile phone services, iv) airline transport service, v) toothpaste, vi) banking services, vii) washing machine, ix) television transmission services, x) computer hardware.

- b) What is oligopoly market? Why would oligopolists most likely collude rather than enter into aggressive competition? [5+5]

OR

- 9.a) Briefly explain how price is determined in case of perfect competition.

- b) Why monopoly is not socially desirable? [5+5]

- 10.a) Explain the following two methods of pricing:

i) market skimming, ii) sealed bid approach.

- b) What is transfer pricing? [6+4]

OR

- 11.a) What role does marginalism play in mark-up pricing?

- b) What is penetration pricing? What is cross subsidization? Illustrate your answer with examples. [5+5]

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